

Congress of the United States

Washington, D.C. 20515

March 26, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, D.C., 20429

Dear Secretary Yellen,

At the end of January, our capital markets experienced a severe disruption culminating in the decision made by Robinhood, and other brokerages, to prohibit the purchase of GameStop and multiple other securities in order to meet margin requirements of The Depository Trust & Clearing Corporation (DTCC). Had brokerages failed to meet these requirements, as stated by the DTCC, this could have led DTCC to “cease-to-act for the clearing member and liquidate its unsettled clearing portfolio.” This would have been a dramatic step that would have severely impacted retail investors.

While there will continue to be hearings and thoughtful debate on potential legislative and regulatory responses, in the initial aftermath of these events, there appears to be positive sentiment within industry that steps should be taken to shorten the amount of time it takes to settle transactions. By moving away from a T+2 settlement period, the market would be able to significantly reduce risk and take advantage of additional liquidity. This will benefit both retail investors and brokerage firms by reducing risk in times of high volatility.

To accomplish moving away from T+2 to T+1, industry and regulators need to work hand in hand to identify the necessary technological and operational improvements. In its recent paper entitled “Advancing Together: Leading the Industry to Accelerated Settlement,” DTCC laid out a timeline, in coordination with the industry and regulators, to move to T+1 in 2023. To help facilitate this industry effort, we encourage you within your role as the Chairperson of the Financial Stability Oversight Council (FSOC) to initiate a workstream made up of all applicable federal regulators to formalize coordination between the public and private sectors on accelerating the settlement cycle to T+1. This will help regulators work in a coordinated manner with industry to streamline the technological and regulatory requirements that will need to be achieved in order to transition to T+1 in the coming years.

We thank you for your attention to this important issue and we look forward to work with you to help better protect retail investors and promote a more resilient capital market system.

Sincerely,



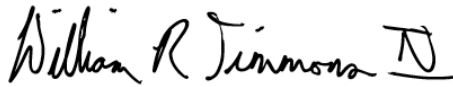
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